MMRS Steering Committee

A called meeting of the Mississippi Management and Reporting System (MMRS) Steering Committee was held at 10:00 AM in the 13th Floor Conference Room, Woolfolk Building, Jackson, Mississippi, on April 17, 2007.

A quorum being present, J. K. "Hoopy" Stringer, Jr, Chairman, called the meeting to order. Mr. Stringer also welcomed Don Thompson, Executive Director of the State Personnel Board to the Committee and gave him an overview of MMRS.

The following members were in attendance:

J. K. "Hoopy" Stringer, Chairman
Executive Director, Department of Finance and Administration
Don Thompson, Vice-Chairman
Executive Director, State Personnel Board
David L. Litchliter, Member
Executive Director, Department of Information Technology Services
Cille Litchfield, MMRS Administrator (non-voting)
CSIO, Department of Finance and Administration

Others in attendance included:
Gayle Chittom, Director of Policy and Planning, DFA/MMRS
Mark Hollingshead, CIBER, Inc.

Mr. Stringer called for agenda item number one: review and approve minutes for the September 19, 2006, meeting.

On a motion by Mr. Litchliter and seconded by Mr. Stringer, the minutes were approved as presented.

Mr. Stringer called for agenda item number two: NASACT Benchmark Summary Report.

Mrs. Litchfield provided a summary briefing on the outcomes of the NASACT Benchmarks based on the final reports for Human Resources (with Payroll), Finance, Procurement, and Information Technology. A copy of this briefing is included as an attachment to these minutes. Mrs. Litchfield also reported that participation in the Benchmarks by State Agencies was much better than was originally expected for a process that was not mandated.

Mr. Stringer called for agenda item number three: Project List and Priority Discussions.

Mrs. Litchfield provided an updated list of all projects in process and under consideration. Specific project discussion occurred as outlined below.

A. MAGIC – Next Steps

Mrs. Litchfield reported that we needed to move forward on the momentum of the benchmarks or make a formal decision to delay the project for at least one year.

On a motion by Mr. Litchliter and seconded by Mr. Thompson, the Committee approved the development and release of a Request for Proposals to complete the project detailed planning for costs, resources, and requirements. The deliverables from this effort are expected to assist MMRS in determining how to ultimately scope the effort as well as how it should be phased and funded.

Mr. Stringer stated that after the fall elections, the Committee needs to meet with John Hariston and others associated with the Governor to discuss overall strategy for this effort.

The Committee also agreed to allow the MAGIC Task Force and Advisory Work Groups to be convened.

Mrs. Litchfield also discussed the need for staff augmentation for MAGIC for Fiscal Year 2009. She indicated that the MMRS budget request would include the request for additional positions.

B. Bureau of Building, Grounds and Real Property Management / Capitol Facilities Project for Construction Project Management and Facilities Management

Mrs. Litchfield reported that the summary findings for cost and scope have been delivered to the Bureau and that a follow-up meeting is scheduled with Bureau and DFA executive staff on May 3. Mrs. Litchfield also reported that to proceed with this project will have an impact on the MMRS resources available to work on MAGIC.

C. Fleet/General Asset Management/Depreciation/Surplus Property – Enterprise Engagement

Mrs. Litchfield reported on the status of RFP 3513 for Fleet Management. MMRS has worked with the Office of the State Auditor (OSA) on a proposal for the current asset management licenses acquired under RFP 2682 by OSA and other agencies to be transferred to MMRS. This system will be the basis for the implementation of Fleet Management. Since the system has optional components for both depreciation and surplus property, ITS on behalf of DFA requested full enterprise pricing based on licensing the entire suite of products for enterprise use by the State. This project will have significant impact on DFA/MMRS, DFA/BFM, and OSA.

On a motion by Mr. Litchliter and seconded by Mr. Thompson, the Committee approved the award of the Protégé Fleet Management system and the transition of the Protégé asset management system (including acquisition of the optional Protégé depreciation and surplus property modules) at a 5 year cost of $1.83M, pending approval by the ITS Board on April 19, 2007, and the successful negotiation of a contract with InCircuit.

Note: The ITS Board did approve this acquisition in their meeting of April 19, 2007, and contract negotiations are underway.

D. Bank of America Merchant and Treasury Services

Mrs. Litchfield reported this project will finally kick off April 18-19, 2007. Significant rework of the existing policies and rules in place today will have to occur due to changes in the card association rules. Additional fee restructuring will be required due to the card association rules, with an eye toward keeping this within the existing boundaries of the state statute. This project will have significant resource impact on ITS and DFA/MMRS.

E. Other key projects

Mrs. Litchfield outlined other key projects in process including preparations for fiscal year end and SPB conversion.

Mr. Stringer called for agenda item number four: Revolving Fund Status.

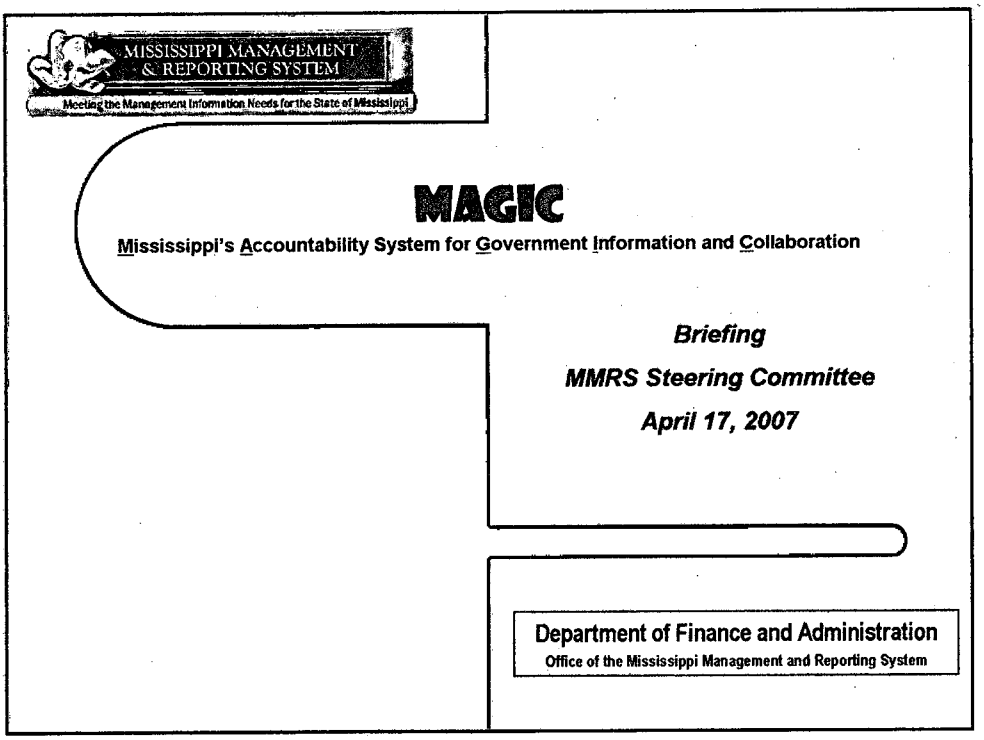
Mrs. Litchfield reported that the available cash in the MMRS revolving fund is $2.5M with outstanding invoices payable to the fund of $174,910. The final invoices for FY2007 will be issued in May 2007 for a total of $1.39M.

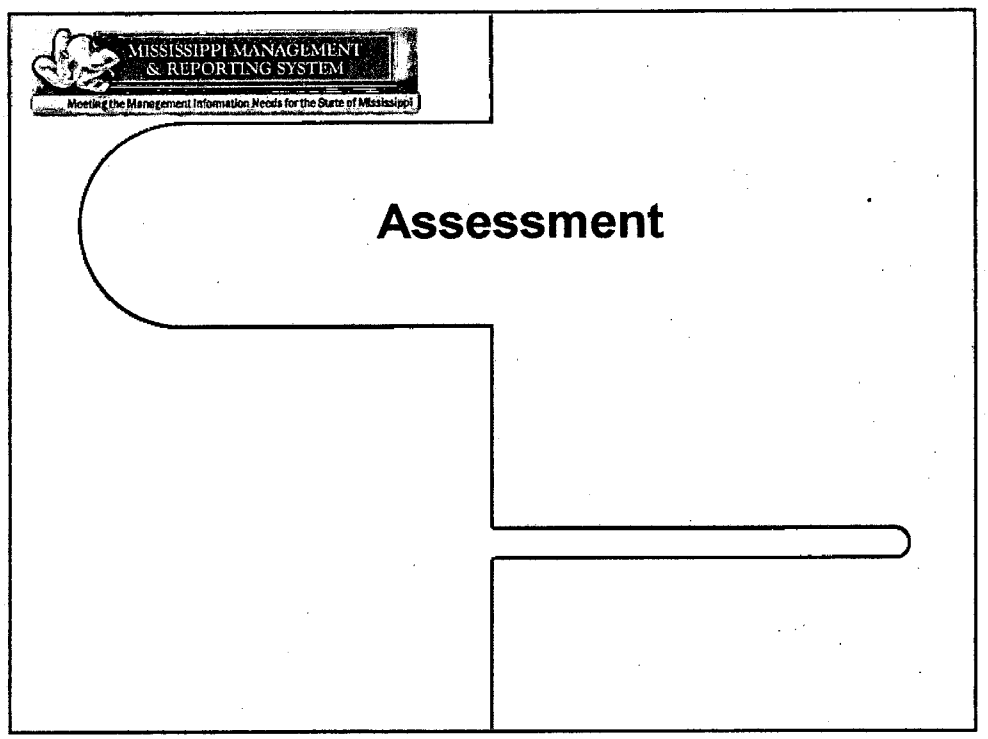
There being no further items of business, Mr. Stringer asked for a motion for the meeting to be adjourned. On a motion made by Mr. Litchliter, seconded by Mr. Mulholland, the meeting was adjourned.

Chairman
Finance and Administration

Vice-Chairman
State Personnel Board

Member
Information Technology Services


MISSISSIPPI MANAGEMENT & REPORTING SYSTEM
Meeting the Management Information Needs for the State of Mississippi
MAGIC
Mississippi's Accountability System for Government Information and Collaboration
Briefing
MMRS Steering Committee
April 17, 2007
Department of Finance and Administration
Office of the Mississippi Management and Reporting System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Assessment

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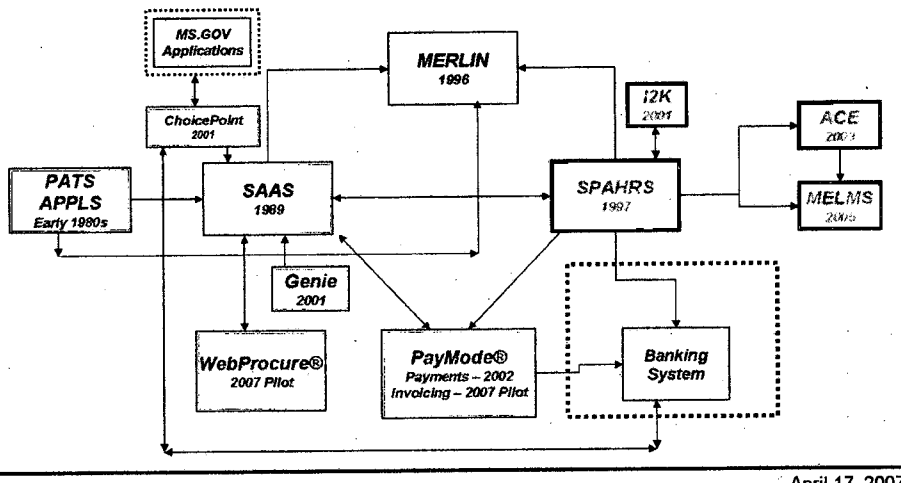
An ERP In Practice - Today



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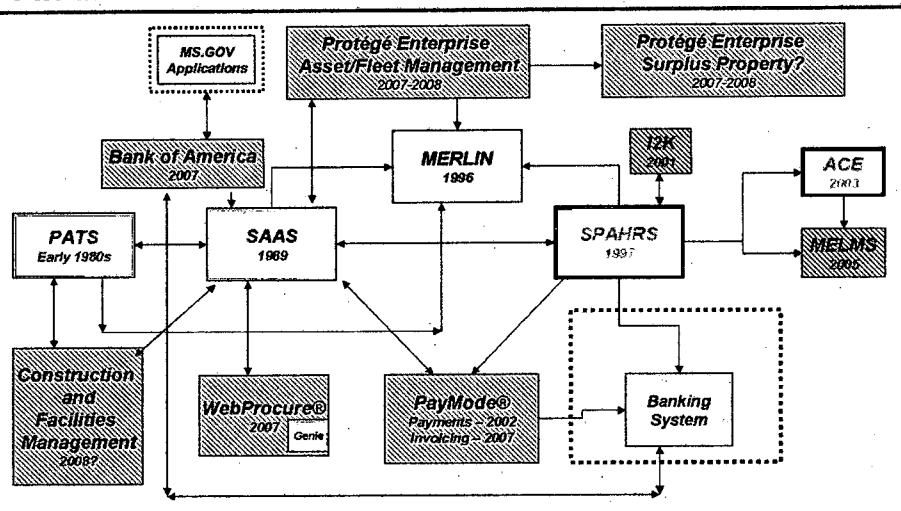
An ERP In Practice? - 2008



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Good News

1. Known thus a comfort zone with most users
2. Operational costs are stable.

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Bad News

1. Risky...
   - Obsolete technology in SAAS; PATS, APLS, SPAHRS
   - Disparate technology in other "add-ons" – have to "get out of one system to get to the next one"
   - Disconnects: MDOT, Tax Commission, PERS, Treasury, IHLs
   - Retirements – users and support staff
   - Internal controls – who has access to what –lack of common security administration (SAS 112)
2. Lots of things we cannot do currently....
   - Agencies investing in disparate solutions
   - No "one place to go" for agencies or employees
   - Replication and reconciliation – repetitive data and processes
   - Paper still prevails

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Complicating Factors

1. No matter what we do, life goes on and there are services to be provided
2. Lots of pending "what ifs" such as 3% withholding
3. Infrastructure not consolidated and technology and data standards are only suggested
4. Tools needed for Administrative Shared Services to make sense do not exist
5. Everybody thinks they are "different"
6. Transition will be expensive
7. Multiples must be resolved:
   - Procurement processes and systems (including vendor management processes)
   - Add on HR systems
   - Add on time and labor systems
   - Education and training systems

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Complicating Factors

8. Gaps and Nightmares:
   1. Grants management – no comprehensive add on available; no standards in grants management; no analytical tool (not in MERLIN)
   2. No budget planning and preparation modules
   3. No uniform means to track purchases – we know what we spend; we do not know what we buy; we cannot aggregate for better deals on pricing because of optional usage of systems and lack of standards in formatting
   4. Employee self service – need benefits change processes; time reporting; expense reporting
   5. Contract approval versus spend analytical tools needed
   6. Too many disparate applications to support with disparate skill set requirements and upgrade cycles
   7. Too many exceptions – lots of "suggested use" versus "required use"
   8. Too many general "contracts" that require people to address rather than rules to drive process (ITS' EPLs and multi-award/negotiated OPT contracts)
   9. Current systems over-programmed in some areas (SPB projections; cost allocation for MDHS) but lacking in others

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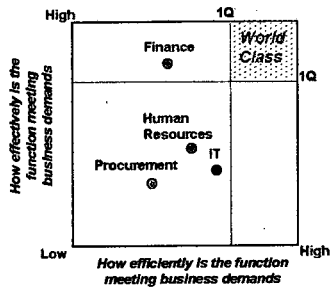
Meeting the Management Information Needs for the State of Mississippi

NASACT Benchmarks

Findings and observations

Illustrative Value Grid Plotting*



*Illustrative Value Grid℠. The above diagram represents the approximate placement on the value grid. The exact placement is included in each functional section.

Information Technology
- Total IT cost of **$160M** equates to $7,471 per end-user (2nd quartile)
- Application complexity – number of applications per end-user is almost 2X world-class, however application management process costs per application are 44% lower than world-class
- Infrastructure complexity is higher in number of data centers, database platforms, and programming languages compared to world-class
- State of MS has low use of technology to leverage end-to-end solutions for routine transactions

Human Resources
- Total HR cost of **$43M** equates to $1,308 per employee (3rd quartile)
- State of Mississippi's resource allocation is 17% higher than World Class across the processes and focused toward transactional processes
- Duplication of effort exists across the agencies
- Extent of formal HR strategy varies by agency

Finance
- Total finance cost of **$43M** equates to 0.34% of revenue (1st quartile)
- State of Mississippi's resource allocation reflects a greater focus on transactional activities than World Class
- There is less resource focus in the value added processes of Planning and Business Analysis
- There are opportunities for the State of Mississippi to leverage Hackett Certified Best Practices

Procurement
- Total procurement cost of **$14M** equates to .38% of spend (1st quartile)
- Lower effectiveness scores are driven by lower involvement in overall strategic sourcing, lower spend influence, and cost reduction saving
- Lower investment in technology likely resulting in a lower degree of automation supporting transaction and sourcing activities
- Low best practice utilization in Sourcing & Supplier Management support...understaffed relative to both the peer group and World Class

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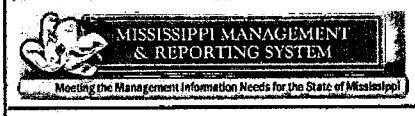
- no clamoring that business not satisfactory - systems will not solve problem - Payroll reduced people due to labor cost



Common Recommendations

1. Migrate core transaction processes to a best practices vision and performance
   - Rationalize policies and controls and standardize processes and technology enablers
   - Eliminate handoffs, redundancies and non-value added steps
   - Use system-based controls while moving controls to the front of the process to reduce rework
   - Capture information at the source
2. Create a functionally aligned organization.
   - Minimize agency autonomy for common activities (starting at the ENTERPRISE level)
   - Establish steering committee model to provide oversight and direction/prioritization for each function (FN, HR/Payroll, PR)
   - Establish clear accountability for processes/activities within each function and determine what roles are part of the function and where those roles reside
   - Identify the skills and competencies and compensation strategy necessary
   - Improve communication
   - Establish statewide shared services and/or process centers of excellence

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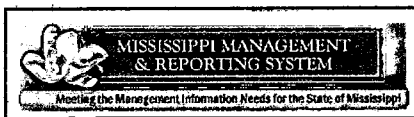

Common Recommendations (continued)

3. Improve performance reporting and business analysis
   - Expand the enterprise and/or shared business intelligence solution (MERLIN)
   - Include predictive modeling as well as performance modeling
4. Develop an operational strategy with associated business cases for increasing the leverage of enabling technologies including:
   - Evaluation of continuing addition of best of breed point solutions vs. ERP
   - Elimination of manual and spreadsheet based reports and other "stealth" applications
   - Enhance reporting environment through employee and vendor self-service portals, push technology, user and executive dashboards, and higher-end analytical tools

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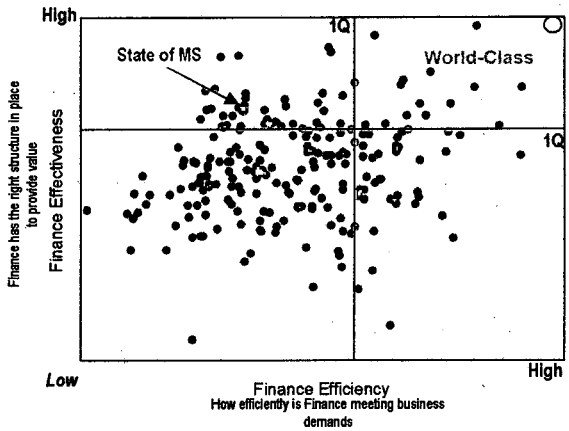
Meeting the Management Information Needs for the State of Mississippi

Finance Benchmark

The State of MS has Achieved 1st Quartile in Effectiveness with Opportunities to Improve Efficiency

Too busy doing...

Hackett Value Grid



Key Effectiveness Drivers

+ Job rotation for career dev
+ Suppliers making inquiry online.
+ Standards for data definitions and code standards
+ Analysis instead of data collection & compilation
+ Percent of analysis staff experienced.
+ Formal documented strategic plan.
+ Cost analysis provided on target.
+ Analysts spend time collecting and analyzing the information.
- No development of Balanced scorecards.
- Greater billing errors
- Percent of time both financial and non-financial performance measures are utilized in analysis
- Less use of business-simulation models

Key Efficiency Drivers

Too busy doing...

+ Days to Close
+ Days to report
+ Number of ERP applications
+ Percent automated journal entries
+ Finance cost as % of Revenue
- Cash disbursement transactions per FTE
- Days to complete the budget
- Order entry and sales integration level
- Cash disbursement cost per transaction
- Fixed assets integration with accounts payable
- Technology to transaction process cost ratio
- A/P and A/R cycle times

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State of Mississippi Finance Benchmark Presentation

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Finance Recommendations

1. Consider a statewide online budgeting application that enables data to be input throughout the organization and consolidated automatically and pushed out for implementation once approved.
2. Grants were not evaluated in the benchmark. The pilot states have requested that this expertise be developed and included in future government assessments as it is so key to our operations. This is a significant issue but plays into the overriding recommendations regarding rules based processing and standardization.

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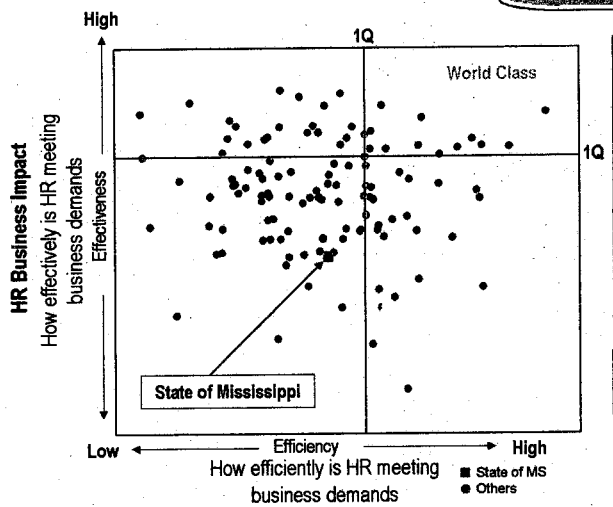
Human Resource Benchmark

State of Mississippi has scope for improvement both in efficiency and effectiveness

We have questions about the chart since the supporting data and recommendations do not support this.



	Key HR Drivers	State of MS
Effectiveness	Role of HR	◉
	Talent Management	◉
	Organization Value	◉
	Quality of Output	●
	Economic Return	◉
Efficiency	Cost and FTEs	●
	Cycle Time	●
	Productivity	●
	Technology Leverage	◉

○ Some KPIs for the Key Driver are at or near World-Class
◎ Most KPIs for the Key Driver are at or near World-Class
◉ Most KPIs for the Key Driver are far from World-Class

KPI = Key Performance Indicator

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State of MS HR Benchmark Results

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DFA

Human Resource Recommendations

1. Increase strategic planning
2. Consolidate employee benefit plans to decrease administrative complexity and generate large cost savings
   - Low hanging fruit– consolidation of cafeteria plans
3. Payroll Overhaul
   - Re-evaluate/consolidate time and attendance processes, software and hardware in order to reduce process costs ($2.4m)
   - Implement common payroll cycles – fewer options for cycles; piggyback travel with regular payrolls;
   - Move to delayed payrolls for all cycles – fewer errors and supplemental payrolls

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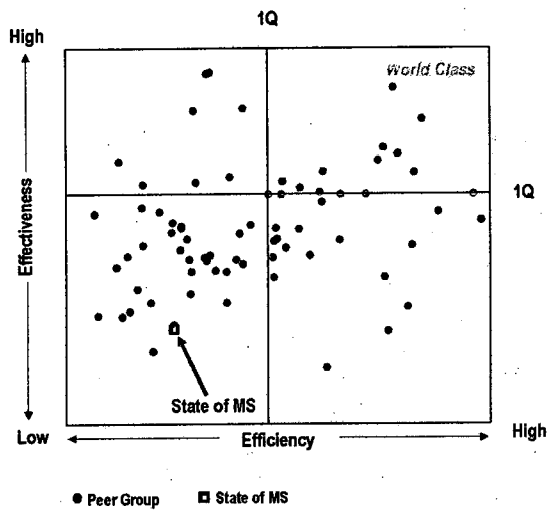
Procurement Benchmark

State of MS's PR Function has Great Opportunity to Improve in Both Efficiency and Effectiveness



	Key Procurement Drivers	State of MS
Effectiveness	Role of Procurement	○
	Talent Management	○
	Information Access & Distribution	○
	Quality of Output	◎
	Economic Return & Supply Base Performance	◎
Efficiency	Cost and FTEs	◎
	Productivity, Cycle Times & Self-service	◎
	Cost per Transaction	◎
	Automated Transactions	◎
	Integrated Technology & Common Architecture	◎

◎ Most KPIs for the Key Driver are at or near World-Class
○ Some KPIs for the Key Driver are at or near World-Class
◎ Most KPIs for the Key Driver are far from World-Class

KPI = Key Performance Indicator

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NASACT - State of Mississippi Procurement Benchmark Presentation
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Procurement Recommendations

1. Assess and streamline procurement processes
   - Consolidate processes
   - Automate functions end-to-end
   - Outsource services
2. Prioritize the technology enhancements to provide value-added decision support
   - Improved analytical tools for spend analysis and projections
   - Standards for spend data so it can be analyzed
   - Common procurement tool set
3. Formalize internal customer management program
   - Increase visibility around the Agencies' spend behavior
   - Improve methodology and communication and reward agencies generating savings

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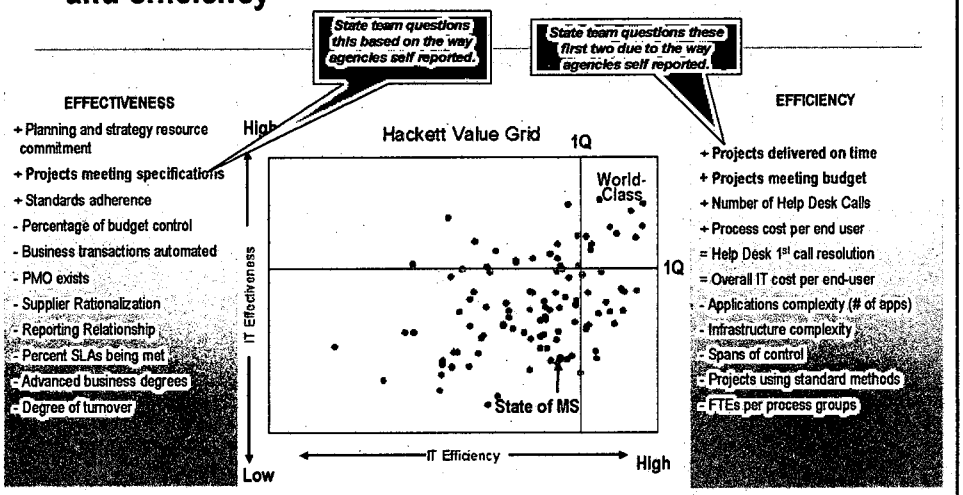
Meeting the Management Information Needs for the State of Mississippi

Information Technology Benchmark

State of MS has opportunities to improve effectiveness and efficiency



Note: +, -, = are only a representation of the gaps to World Class and are not a direct indicator of where to focus/launch any initiative. Specific action plans should not be developed until after the benchmark results are assessed within the context of the functional and business strategies.

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Meeting the Management Information Needs for the State of Mississippi

DFA

IT Recommendations – Foundation for FN, HR, PR Success

1. Establish a PMO
   - Ensure "transparency" into status of all major initiatives
   - Enforce processes for quality assurance and deliverable reviews and budget monitoring
   - Measure gaps between objectives and outcomes
2. Create formal SLAs to manage expectations, results, and improve communication
3. Reduce Complexity
   - Consolidate infrastructure and free resources for investment in applications required to support agency objectives
   - Rationalize and normalize the application portfolio
   - Develop an enterprise IT architecture and migration strategy based on a multi-year business strategy
   - Reduce the number of Suppliers
   - Consider higher levels of outsourcing in technology infrastructure to focus internal resources on core competencies

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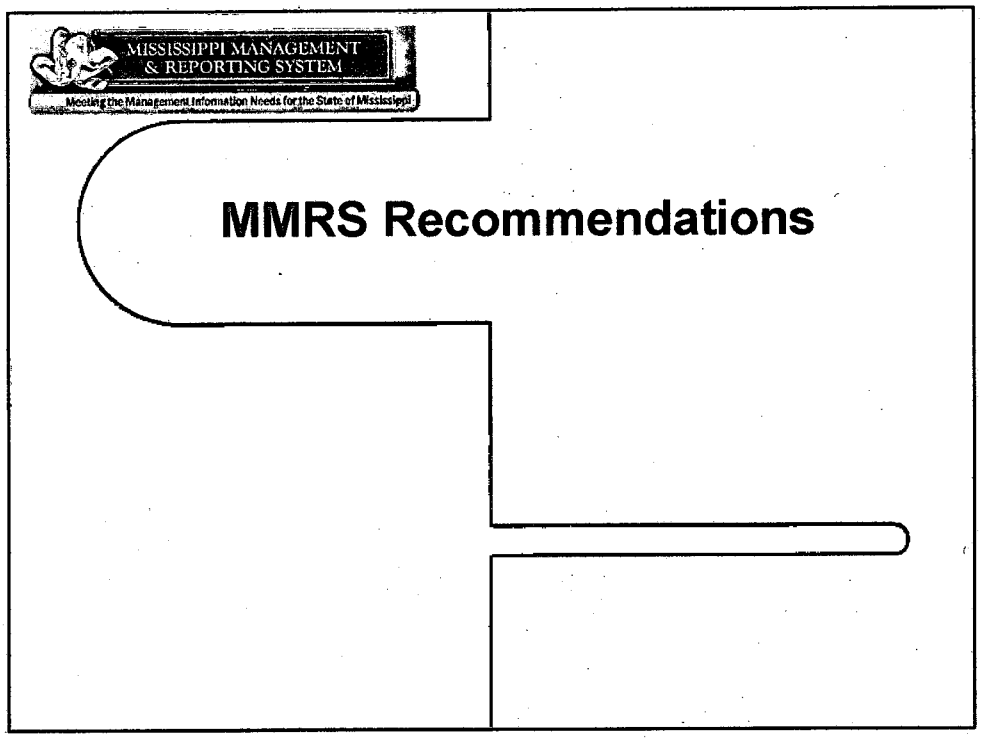
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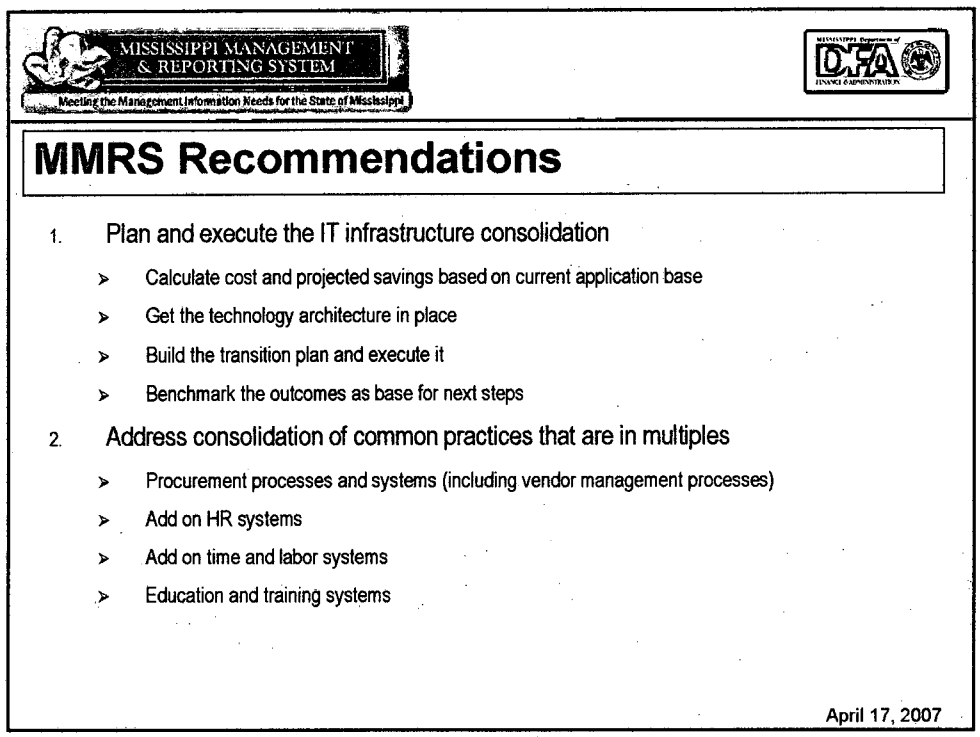
MMRS Recommendations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DFA
MMRS Recommendations
1. Plan and execute the IT infrastructure consolidation
Calculate cost and projected savings based on current application base
Get the technology architecture in place
Build the transition plan and execute it
Benchmark the outcomes as base for next steps
2. Address consolidation of common practices that are in multiples
Procurement processes and systems (including vendor management processes)
Add on HR systems
Add on time and labor systems
Education and training systems
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MMRS Recommendations

3. MAGIC Blueprinting and Cost Planning RFP
   - Release RFP June 2007
   - Work in parallel (research and planning aspects of recommendations 1, 2)
   - Include planning for Administrative Shared Services Center:
     - Calculate cost and projected savings based on current application base
     - Build the transition plan
4. Proceed with RFP and project for BoB/CapFac for project and facilities management
5. Proceed with asset management consolidation and fleet management project
6. Proceed with ERP based on planning outcomes
7. Execute the Administrative Shared Services Center transition plan

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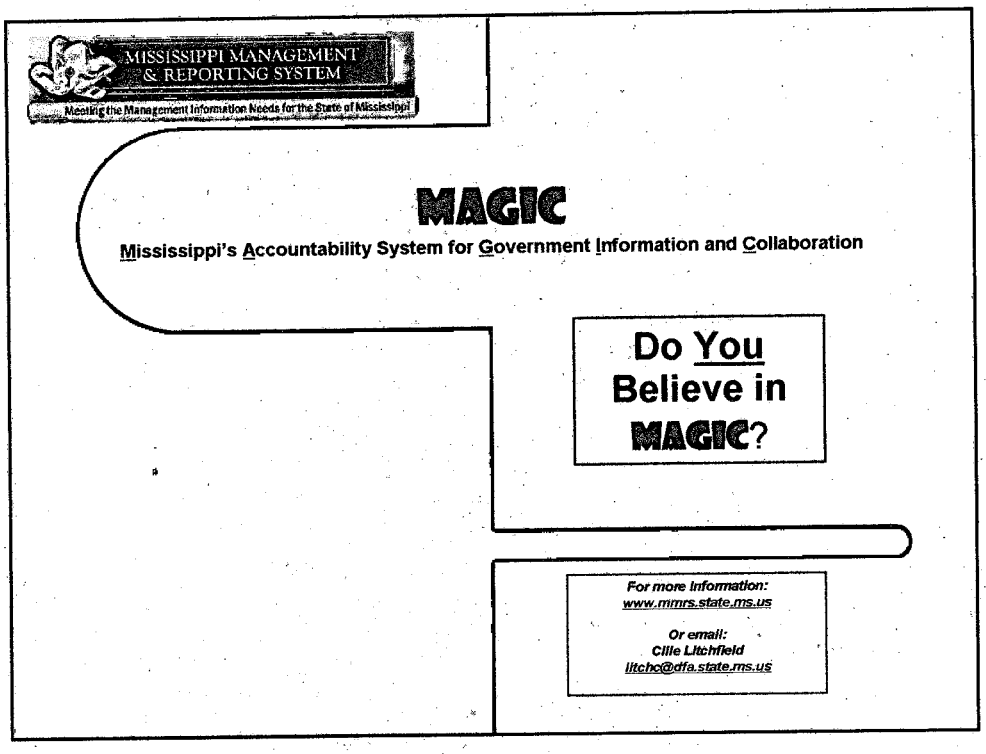
WHY MAGIC?

"Muggles--Nonmagic folk."

Mere Muggles will not be able to do it!

Apologies: A Harry Potter Dictionary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